

Rural entrepreneurship: a conceptual understanding with special reference to small business in rural India

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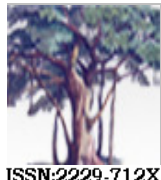
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Rural entrepreneurship: a conceptual understanding with special reference to small business in rural India

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ABSTRACT

Many Indian companies including MNCs and other large players started developing business strategies to tap the untapped market like rural market in case of India but ultimately the winner would be the one with the required resources like man, money, machine, material, market, methods, mission and motivation also with the much needed innovative and creative ideas to tap the untapped market like Indian rural market. The findings of the secondary data review will help the stakeholders to know various positive aspects and the need of rural entrepreneurship. It may be helpful for the various agencies to formulate plans and policies to boost the rural entrepreneurship in India which may help to make the Indian rural market as a critical force in global economy.

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Introduction

Wortman (1990) says, rural entrepreneurship is, "the creation of a new organization that introduces a new product, serves or creates a new product, or utilizes a new technology in a rural environment". In their book on entrepreneurship Kuratka and Richard started that entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who take the major risks in terms of equity, time and career commitment of providing value to some products or services the product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skill and resources (Kuratka and Richard 2001). It is the state of feelings of self-empowered to take control of one's own destiny. It includes both controls over resources (Physical, Human, Intellectual and Financial) and over ideology (Belief, values and attitudes) (Batiwala, 1994).

According to a KPMG TIE survey conducted in 2009 "there is potential for a new corporate landscape, steered by the spirit of the Indian entrepreneur to emerge amidst the global meltdown. The entrepreneur and the state are working together to help drive and sustain the growth of the country. In India, the relationship between the State and the entrepreneur is an important factor in the success of a business". Terms such as intrapreneuring (Pinchot, 1985), corporate entrepreneurship (Burgelman, 1983, Vesper, 1984; Guth and Ginsberg, 1990; Hornsby et al., 1993, Stopford and Baden-Fuller, 1994), corporate venturing (MacMillan, 1986; Vesper, 1990), and internal corporate entrepreneurship (Schollhammer, 1981, 1982; Jones and Butler, 1992) have been used to describe the phenomenon of intrapreneuring (Antonic and Hisrich, 2001).

Social Entrepreneurship is the art of simultaneously pursuing both a financial and a social return on investment (the "double bottom line"). Social entrepreneur: An individual who uses earned income strategies to pursue social objectives, simultaneously seeking both a financial and social return on investment (Institute for Social Entrepreneurship). National

Commission on Entrepreneurship focuses on what they call entrepreneurial growth companies—small businesses that have the potential to grow rapidly, developing new technologies, products and services, creating jobs, and stimulating economic growth and investment (National Commission on Entrepreneurship 2001). A report published by Collaborative Economics (2005) defines an entrepreneur as "an individual engaged in the process of starting and growing one's own business or idea". Aldrich and Waldinger (1990) say, "Entrepreneurship, in the classic sense, is the combining of resources in novel ways so as to create something of value". Henderson (2002) says, "Put simply, entrepreneurship is the creation of new firm. Ultimately, entrepreneurship is the process of uncovering or developing an opportunity to create value through innovation". "Entrepreneurs often raise local incomes and add to local wealth" (Henderson 2002). Low, Henderson and Weiler (2005) say, "Not only do entrepreneurs create new local jobs, but they also generate new wealth and new growth. Entrepreneurs are innovative users of other regional assets and resources".

Dabson (2001) defined, "individuals who blend innovation with sound business practices to commercialize new products and services that result in high-growth firms". He says there is a spectrum of entrepreneurial activity, ranging from small businesses with the potential for high growth to micro enterprises with five or fewer employees. Dabson (2001) cites The Global Entrepreneurship Monitor as using one of the more straightforward definitions: "Any attempt to create a new business enterprise or to expand an existing business by an individual, a team of individuals, or an established business". Kreft and Sobel (2005) identify the major characteristics of an entrepreneur as innovator, risk taker, and resource allocator. Lichtenstein et al. (2004) identify opportunity and innovation as elements of the entrepreneurial process.

Literature review

After green revolution era, India experienced growth in processing industries but still this sector is in its infancy. (Annual

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Report, MFPOI, 2005-06). Concerning the path of development, Lall (2001) says that the appropriate strategy for any country depends not only on its objective economic situation but also on its government policies and national views regarding the appropriate role of the state. India's economic development strategy immediately after Independence was based primarily on the Mahalanobis model, which gave preference to the investment goods industries sector, with secondary importance accorded to the services and household goods sector (Nayar, 2001).

Gupta (2001) suggests the establishment of a global support network of venture capitalists and other funding sources (also known as "angels") who would be willing to support the new entrepreneurs.

The importance of government assistance to small business success is reported in a number of studies. Sarder, et al. (1997) conducted a study of 161 small enterprises in Bangladesh and found that firms receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from the public or private agencies experienced a significant increase in sales, employment and productivity.

In India, where ' language, context, culture change in every few kilometers' potential IT users belong to a very large and highly diverse groups of which many are illiterate, a close look at these populations to understand the social context of software technologies becomes imperative. (Nielsen 2006).

The most sought-after professionals in the 21st century economy will be a new breed of corporate entrepreneur, or intrapreneur : individuals whose education and experience are both broad and deep and who have the requisite skills for identifying and exploiting opportunities; fostering team-based innovation, or intercreativity; and managing change (Pinchot: 1976).

Kayne (1999) identifies additional actions that the Indian government can take to provide a solid foundation for entrepreneurial efforts.

He says that, in any country, the advocates of an entrepreneurial economy must promote and communicate policies that will provide a clear link between entrepreneurial efforts and overall economic prosperity. That is, voters and taxpayers must understand the reasons why their government is investing in anything as new as entrepreneurship.

Conclusions

Modern historians such as Chandravarkar (1985) and Rudner (1994) have argued that occupational mobility has occurred on occasion, even in this caste-based society where connections are so important, when new entrepreneurial opportunities became available.

There is an urgent need to focus on improving infrastructure and attitude in rural areas and to have a re-look at the business development process to bridge the gap between rural India and rest of the country as the nation's future is linked to the rural population (as majority of Indian are still in rural area and most important component of India's national income is coming from agriculture sector only).

State and central Government can play a major role in the development of rural corporate world .following are the few suggestions that can be implemented for further increment in rural employment, production and welfare activities that may finally leads towards the positive contribution in overall National Income.

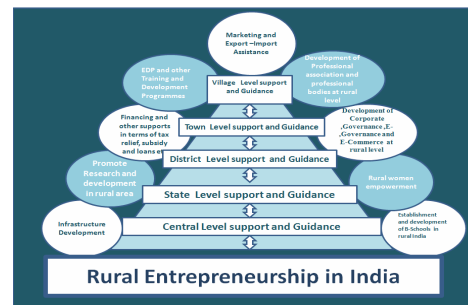


Figure 1: A framework for the development of rural entrepreneurship in India

- Need for strong infrastructure development specially in terms of transport, water, electricity, land, school, hospitals, communication ,insurance and information technology
- Need for government support and guidance in terms of financing and subsidy
- Need for entrepreneurship development programs with special reference to small family based or generation based business for the scientific and practical trading and development of the entrepreneurs.
- Need to create awareness for marketing philosophy in terms of production, product, selling, marketing and societal concept of the marketing
- Promote Research and development activities in rural area
- Concentrate on EPRG(Ethnocentric, Polycentric, Regiocentric, Geocentric) orientation for future growth and success
- Proper and full implementation of LPG approach (Liberalization, Privatization and Globalization)
- Help in branding and positioning of the product and service with full guidance of marketing mix and other financial and promotional supports.
- Helps in market development, supporting in warehousing facilities, export-import management, and price determination along with the tax relief.
- Promotion and development of cooperative societies and self help groups.
- There is a strong need for proper coordination and cooperation among all stakeholders
- There is a need for proper planning; decision making and controlling systems for continue feedback and review.
- Development of professional association and professional body for the special need of rule business management.
- Introduction and implementation of Corporate Governance- Governance and E-Commerce
- There is a need for rural women empowerment
- Establishment and development of B-Schools in rural India

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